



STATE BOARD OF EDUCATION  
TRUSTEES OF BOISE STATE UNIVERSITY  
TRUSTEES OF IDAHO STATE UNIVERSITY  
TRUSTEES OF LEWIS-CLARK STATE COLLEGE  
BOARD OF REGENTS OF THE UNIVERSITY OF IDAHO  
STATE BOARD FOR PROFESSIONAL-TECHNICAL EDUCATION  
TRUSTEES FOR THE IDAHO SCHOOL FOR THE DEAF AND THE BLIND

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**OFFICIAL MINUTES  
STATE BOARD OF EDUCATION MEETING  
March 6, 2003  
Boise State University  
Student Union Building, Lookout Room**

A regular meeting of the Idaho State Board of Education was held on March 6, 2003, in Boise, Idaho. The meeting began at 8:15 a.m. President Blake Hall presided. The following members were present:

Blake Hall, President	Jim Hammond, Vice President
Rod Lewis, Secretary	Marilyn Howard, State Superintendent
Paul Agidius	Laird Stone
Karen McGee	Milford Terrell

Board member Hall recognized and welcomed new Board member Milford Terrell and acknowledged Board member Laird Stone's recent reappointment to a new five-year term on the Board.

**BOARD WORK**

1. Agenda review/Approval

**MS (Hammond / McGee): To approve the agenda as written. *The motion carried unanimously.***

2. Rolling Calendar

**MS (McGee / Stone): To approve March 11-12, 2004 as the dates and Boise State University as the location for the March 2004 regularly scheduled meeting. *The motion carried unanimously.***

**MS (Hammond / McGee): To approve May 22-23, 2003 as the dates for the Board Retreat / Evaluations. *The motion carried unanimously.***

### 3. Minutes Review/Approval

**MS (Lewis / Howard): To approve the minutes of December 13, 2002 and February 18, 2003 as written. *The motion carried unanimously.***

### **PRESENTATION - Career Information Systems**

Chuck Mollerup, Director of Career Information Systems (CIS) made a presentation to the Board on the service provided by CIS.

### **OPEN FORUM**

1. Stan Crawford, Geological-Technical Engineer, Boise spoke in opposition to discontinuing the programs in Geological Engineering at the UI.
2. Stan Miller, Professor, UI, Geological program, UI, spoke in opposition to discontinuing the programs in Geological Engineering at the UI.
3. John Arambarri spoke in opposition to discontinuing the Geological Engineering Programs at the UI.
4. Keith Nottingham, 1979 graduate UI, Idaho Transportation Dept., spoke in opposition to discontinuing the Geological Engineering Programs at the UI.
5. Chris Mathias, ASBSU, President, addressed the Board in regard to student purchased billboards on funding equity.

### **PLANNING AND GOVERNMENTAL AFFAIRS**

#### 1. Boise State University Progress Report

Dr. Ruch provided a progress report to the Board. A discussion ensued regarding enrollment growth, access, remediation offerings, and changes with the child care center.

#### 2. Presidents' Council Report

Dr. Burke reported that the presidents have met twice recently and focused on budgets. He reported they have also discussed a proposal from Ed.Net, student fee planning, and policy relative to postsecondary delivery. Dr. Burke requested that the presidents be allowed to join at the table in that discussion when it is considered by the Board later in the meeting.

Board member Hall noted that last year the Board set fee increases at no more than 12%. He stated that the institutions should not expect increases as high as 10% this year, and expressed hope that the Legislature was not planning on an increase this high. He stated that it would be difficult for him as a Board member to approve anything over 3-4% this year given the economic situation. He expressed concern over approving anything without a long-term plan for fee increases in place.

Board member Hammond agreed, stating that there have been high levels of increases since he has been on the Board, and that he would be reluctant to approve high rates this year given the economic situation facing families and students. He also expressed interest in seeing a long-term plan for fees as soon as possible.

### 3. University of Idaho/UI Foundation Loan Discussion

Dr. Pitcher expressed to the Board the commitment of the UI to do a thorough and immediate review of all aspects of the loan to the Foundation. He explained that a first element of the financial review undertaken by UI has been distributed, and noted that other elements yet to be completed include a look at business practices, policies, reporting management controls and deficiencies, and should be completed in two to three weeks.

Pat McMurray, UI Foundation, reported that the Foundation initiated a number of things to address concerns relative to the loans. First, a group of Foundation Board members were appointed to develop a plan to retire all obligations to the UI, including the first repayment which occurred on February 1, 2003 of the approximately \$2 million referenced often as the RiteAid note. The Foundation also appointed Laura Hubbard, Interim Vice President for Finance and Administration at UI and Foundation Treasurer, as the new project manager for University Place, and have worked with her to ensure management controls have been tightened. He reported that the next steps in the process will be the development of a comprehensive plan to retire the rest of the loans over time. He stated that of the \$196 million in total Foundation assets, \$188 million are donor restricted assets and thus, are not available for use with this issue. Additionally, he noted that the remaining \$8 million is unrestricted but not liquid in that much of it is tied up in real property and construction in progress. He explained that the recovery of predevelopment costs may be a potential source for repayment. He noted that the Idaho State Building Authority is working with them to keep costs as low as possible to help with this. He concluded that the Foundation is working hard on this issue, but cannot commit to a specific timeline for repayment yet, and asked that a Board member be assigned to work with the Foundation and the University to provide input into the process.

Board member Terrell requested that Mr. McMurray written comments be included as part of the permanent record (see attachment A)

Board member Lewis commented on the Board intent to conduct a thorough review of all issues relative to the loan, and reminded the Board of their responsibility relative to institutional foundations.

Board member Hall stated that he had decided to refer the Board's executive committee to assume oversight over the management review. He noted that Board member Hammond removed himself from this responsibility given his ties with the State Building Authority, thus he and Board member Lewis would assume oversight and communicate back to the Board regularly on progress and ensure documents requested from the University are received. He noted that they would like to begin the review as soon as possible.

### 4. Legislative Items of Interest

### **SB 1084**

Mr. Neal, BSU, addressed the Board relative to SB 1084, which would allow the Board to manage deferred compensation programs for its employees participating in an optional retirement plan, and asked the Board to support it. Robert Hoffman, Nationwide Retirement Solutions, spoke against the measure, stating it would jeopardize the current contract in place to serve state employees relative to deferred compensation programs.

**MS (Hammond / Terrell): To support SB 1084. *The motion carried unanimously.***

### **SCR 106**

Dr. Howard expressed concern over where the legislation came from. She noted her support for the Constitution and its charge to the Board, but also noted the importance of honoring and allowing the executive function of the State Department of Education. She noted that the system has been working for approximately 35 years with the State Department as the designated agency. She noted that information relative to federal programs and funds has always been available, but that there is more interest this year given lack of state funds.

Board member Hall expressed concern that the Board had not been fulfilling its legal responsibility over federal funds, and explained that intent is not to take over for the State Department, but to provide accountability and oversight. Board member Hammond noted that support for this measure should not be construed as criticism to the State Department over how they are managing things, but that the Board needs to be more involved in decisions and accountable for funds, especially since new federal programs are providing for more state flexibility than they have in the past.

**MS (Hammond / Terrell): To support the passage of SCR 106. It is the Board's intent to exercise its constitutional authority for supervision of the Idaho public school system, and its statutory authority as the agency designated to negotiate and accept federal funds, by ensuring that any education-related federal dollars, applied for or received, are brought to the attention of the Board, and that the Board, as a policymaking body, have the opportunity to approve or reject proposed applications for and uses of federal funds, especially those that allow for state discretion. It is not the Board's intent to take over the administrative or implementation responsibilities, or any employees designated for such a purpose, currently residing in the State Department of Education. *The motion carried 7-1 (Howard dissenting).***

### **HB 271**

The Board engaged in a discussion of the merits of HB 271, which amends Idaho Code relative to charter schools and, among other things, provides the Board with added flexibility when hearing charter school appeals.

**MS (Hammond / McGee): To support HB 271. *The motion carried 6-1-1 (Howard dissenting, Hammond abstaining).***

## **BUSINESS AFFAIRS & HUMAN RESOURCES**

### **Section I - Human Resources**

#### 1. Boise State University

**MS (Hammond / McGee):** To approve the request from Boise State University for one new position as detailed in the Human Resources agenda. *The motion carried unanimously.*

#### 2. Idaho State University

**MS (Hammond / Agidius):** To approve the request from Idaho State University for one new position as detailed in the Human Resources Agenda. *The motion carried unanimously.*

#### 3. University of Idaho

**MS (Hammond / Agidius):** To approve the request by the University of Idaho for one new position, deletion of four positions, and a temporary appointment as detailed in the Human Resources agenda. *The motion carried unanimously.*

#### 4. Lewis-Clark State College

**MS (Hammond / Agidius):** To approve the request from Lewis-Clark State College to delete five new positions. *The motion carried unanimously.*

A discussion ensued regarding the request from LCSC for an exemption to Board policy relative to model contracts for coaches. Board member Hall requested that position descriptions for coaches that outline academic requirements of players be forwarded to the Board office. Board member Terrell expressed concern over issues not included in contract like trademark agreements. Board member Stone suggested that LCSC take the existing model contract and alter it to fit their needs rather than using a completely different one.

**MS (Stone / Lewis):** To table the request. *The motion carried unanimously.*

It was noted that delaying the request will give LCSC an opportunity to review existing contract and come back with a new model contract that LCSC can use, which differs from the model contract used by NCAA participating institutions.

### **Section II – Finance**

#### 1. University of Idaho

##### Acquisition of Property Adjacent to the University of Idaho Experimental Forest in Latah County

The Board discussed the purchase of property adjacent to the UI experiment forest, including why the full parcel needed to be purchased, how using funds for purchase would impact other campus programs, and if the purchase would yield revenue down the road.

**MS (Hammond / Agidius):** To approve the request by the University of Idaho to proceed with the process to complete the purchase of the 831.94 acres of property with an appraised value of \$1,050,000 and delegate to the Executive Director the final approval of the acquisition provided the environmental assessment and title search is completed and the purchase price is at or below the appraised value. *The motion carried unanimously.*

Demolition of Gault and Upham Hall

**MS (Hammond / Stone):** To approve the request to demolish Gault and Upham Halls at a cost of \$870,000, which includes hazmat abatement and site repair.

2. Fall 2002 Nonresident Tuition Waivers

**MS (Hammond / Howard):** To accept the Nonresident Tuition Waiver – Fall 2002 reports for Boise State University, Idaho State University, University of Idaho, and Lewis-Clark State College as presented. *The motion carried unanimously.*

**INSTRUCTION, RESEARCH & STUDENT AFFAIRS**

1. Notices of Intent for New Programs

**MS (Lewis / McGee):** To approve Boise State University's new B.S. degree in Applied Mathematics, to approve Lewis-Clark State College's new B.A.S. degree in Applied Technology, to approve Lewis-Clark State College's new B.A. and B.S. degrees in Management, and to approve Lewis-Clark State College's new A.A.S. degree in Practical Nursing. *The motion carried unanimously.*

2. Program Discontinuances – University of Idaho

Dr. Hatch, UI, explained that the program discontinuances in the areas of mining and geological engineering are part of the overall reorganization at the UI intended to provide for a more effective use of resources. He noted a correction to the agenda materials, stating that the UI does not currently have a Ph.D. program in Mining Engineering. A discussion ensued regarding the job opportunities available for graduates in geological engineering, and whether it is feasible to eliminate one program and not the other.

**MS (Lewis / Terrell):** To approve the University of Idaho's proposal to discontinue the Mining Engineering program, and to table the decision on the Geological Engineering program pending further discussion. *The motion carried unanimously.*

3. First Reading. Section II.N – Financial Exigency

**MS (Lewis / Stone):** To approve the first reading of policy changes to Section II.N. Financial Exigency. *The motion carried unanimously.*

#### 4. First Reading: Section III.Q – Admission Standards

**MS (Lewis / Terrell): To approve the first reading of policy changes to Section III.Q Admission Standards. *The motion carried unanimously.***

#### 5. First Reading: Section III (New Section) Delivery of Postsecondary Instruction

Board member Lewis explained that the goal of this policy change is to ensure cooperation, provide clarity, maximize coordination and collaboration, encourage planning by local institutions, and to avoid duplication of programs. He stated that the current draft needs refinement, but by moving forward with a first reading, Board members and CAAP can get together in the coming weeks and work to refine the language.

Board member Hall stated that the state is engaged in a number of collaborative efforts already, each of which is located in some institution's primary service area, and he expressed the desire that the Board not make changes that would conflict with the good effort already in place, and wondered whether the Board should consider grandfathering current agreements. He noted that the Board, in December, asked for a policy to guide collaborative efforts and he wants to see a draft of that alongside of this one. He concluded by stating that this policy draft needs to establish definitions and guidelines for references to a "reasonable time."

Jerry Beck, CSI, expressed concern over the short timeframe that the institutions had to review the draft policy before it was brought before the Board. Board member Lewis noted this is the reason why he wants to offer ample opportunity following first reading for the CAAP and Board members to work on the policy.

A discussion ensued where Academic Officers and Board members discussed the policy draft, including concerns over the impact the policy will have on agreements currently in place, the timeframe under which it was reviewed prior to coming before the Board, and the turf battles that may be created when an institution moves into another region and is subsequently pushed out.

**MS (Lewis / Hammond): To approve for first reading Section III, Delivery of Postsecondary Instruction. *The motion carried 5-2.***

Board member Hall asked CAAP to meet with designated Board members to continue working on the policy.

#### 6a. Assessment – Fall ISAT Results and Proficiency Scores and Levels

Board member McGee presented proposed assessment proficiency levels and definitions.



Board member Howard expressed concerns over the proposed definitions, including the process with which they were developed and desire to ensure the levels match the No Child Left Behind requirements.

**MS (McGee / Hammond): To approve the Proficiency Level Definitions as presented. *The motion carried (4-2).***

***ADVANCED: Exceeds Standards***

*The student demonstrates thorough knowledge and mastery of skills that allows him/her to function independently above their current educational level.*

- *The student demonstrates a comprehensive understanding of all relevant information relevant to the topic at level.*
- *The student demonstrates comprehension and understanding of knowledge and skills above his/her grade level.*
- *The student can perform skills or processes independently without any significant errors.*

***PROFICIENT: Meets Standards***

*The student demonstrates mastery of knowledge and skills that allow them to function independently on all major concepts and skills related to their educational level.*

- *The student demonstrates a comprehensive understanding of all information relevant to the topic, at level.*
- *The student can perform skills or processes independently without any significant errors.*

***BASIC: Below Standards***

*The student demonstrates basic knowledge and skills usage but cannot operate independently on concepts and skills related to his/her educational level. Requires remediation and assistance to complete tasks without significant errors.*

- *The student has an incomplete knowledge of the topic and/or misconceptions about some information.*
- *The student requires assistance and coaching to complete tasks without errors.*

***BELOW BASIC: Critically Below Standards***

*The student demonstrates significant lack of skills and knowledge and is unable to complete basic skills or knowledge sets without significant remediation.*

- *The student has critical deficiencies of relevant knowledge of the topic and/or misconceptions about some information.*
- *The student cannot complete any skill set without significant assistance and coaching.*



A discussion ensued regarding the proposed proficiency scores and whether they were set based on data of where students are or if they are based on where we want students to be. Board member McGee explained that they were set against the learning continuum and that they represent where the Accountability Committee thinks students should be.

Board member Howard expressed belief that first, goals should be based on expectations of learning, which is what we see here. Second, we should go through matching of concurrent validity. She expressed the concern over confusion of what the scores mean and the difficulty in explaining the meaning to schools when there is confusion at this level.

**MS (McGee / Hammond): To approve the Proficiency Scores as presented. *The motion carried 7-1.***

<b>Reading</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>
<b>Basic</b>	174	185	192	198	203	207	210	213	216
<b>Proficient</b>	182	193	200	206	211	215	218	221	224
<b>Advanced</b>	193	204	211	217	222	226	229	232	235
<b>Language</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>
<b>Basic</b>	176	186	193	200	204	207	211	213	214
<b>Proficient</b>	184	194	201	208	212	215	219	221	222
<b>Advanced</b>	197	207	214	221	225	228	232	234	235
<b>Math</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>
<b>Basic</b>	174	185	194	202	208	214	222	229	231
<b>Proficient</b>	185	196	205	213	219	225	233	240	242
<b>Advanced</b>	201	212	221	229	235	241	249	256	258

Dr. Thompson, OSBE, presented the Fall ISAT results.

Board member Howard again expressed concerns over ensuring that defensible data is used in setting proficiency levels.

#### 6b. Review of Accountability Plan and Activities

A presentation on COMPASS was given by Linda Powell, Superintendent of the Pocatello School District.

Karen Vauk reported on the status of the Assessment and Accountability Commission, reporting that they have recently formed a sub-group to focus very specifically on accountability. She noted that the newly formed group will be looking at the No Child Left Behind Act legislation; however, will be interested in using it to establish a comprehensive accountability plan for the state of Idaho.

Board member Hall requested that the Accountability Committee review the MOST recommendations and give feedback to the Board's Steering Committee on Assessment and Accountability.

## **DEPARTMENT OF EDUCATION**

### A. Request for School Bus Construction Waiver

**MS (Howard / Hammond): To approve a waiver of an administrative rule requiring a service brake pressure application gauge on new school buses, and to approve the publication of a notice of negotiated rulemaking for publication in the May Administrative Bulletin. *The motion carried unanimously.***

### B. High Schools That Work

Dr. Eugene Bottoms presented to the Board information on High Schools That Work.

### C. National Assessment of Educational Progress

Dr. Bert Stoneberg, SDE, presented to the Board information on the National Assessment of Educational Progress (NAEP).

### D. Federal No Child Left Behind Act (NCLB)

Tom Farley, SDE, walked through information outlining policy changes that will be necessary to comply with the NCLB Act.

### E. Superintendent's Report

Dr. Howard reported on move of federal dollars from State Department of Education's budget to the Public School Support budget. Also reported on recent meeting with U.S. Department of Education on the implementation of the No Child Left Behind Act.

## **EXECUTIVE SESSION**

**MS (Hammond / Stone): To enter into executive session pursuant to Idaho Code Section 67-2345(1) (a), (b), (d), and (f). *A roll call vote was taken and the motion carried.***

The Board came back into open session following executive session.

**MS (Hammond / Agidius): To approve the settlement of the litigation between PBI Construction, Inc. and the Regents of the University of Idaho in substantially the same form as the draft settlement provided for the Board's review on March 6, 2003, and to authorize the University of Idaho's Interim Vice President for Finance and Administration to execute the settlement on behalf of the Regents of the University of Idaho. *The motion carried unanimously.***

The meeting adjourned at approximately 8:30 p.m.

## ATTACHEMENT A

### Pat McMurray Talking Points for SBOE Presentation on March 6, 2003

**We have acted responsively to address concerns about the \$10M in obligations between the University and the Foundation. The Foundation Board of Directors shares those concerns.**

#### **Summarize what actions have been taken to date**

- Appointed a team of Foundation Board members to work with the University to develop a plan to retire all of the obligations related to University Place.

- Pragmatic, independent minded, experienced problem solvers
- Been working intensively on this issue for the past several weeks

Members include:

Gary Mahn – independent businessman & former director Dept of Comm

Jody Olson – attorney and chrm. PERSI

Jim Hawkins – investor & former director Dept of Comm

Richard Rock – entrepreneur, independent businessman

- On February 21<sup>st</sup>, the Foundation repaid the \$2 million loan for the Rite Aid property
- In a moment I will address the issues and alternatives for how we are planning as a high priority to deal with the remaining \$8 million in obligations.
- Laura Hubbard, UI Acting V.P Finance/ Foundation Treasurer appointed as the new project manager
- Management controls tightened over any additional project spending
- Management controls also strengthened over related party financial transactions between the Foundation and the University

#### **Next steps**

- Begun developing a comprehensive plan to retire all obligations over time
  - Of \$196 million in total assets as of June 30, 2002 audited financial statement, \$188 million of the Foundation's assets are donor restricted and cannot be used to solve this problem.
  - Foundation currently has about \$8 million in unrestricted assets
    - We have drawn down these assets to repay the Rite Aid note and the accrued interest on obligations through February 28<sup>th</sup>
    - Most of these assets are not liquid (e.g. property, construction in progress)
    - The majority of the \$8 million potentially available for this plan include:

The property on Broadway in Boise referred to as the Rite Aid Parcel University Place in Idaho Falls, which includes 26+ acres a portion of which is leased on favorable terms to ISU, UI and the SBOE.

- Current appraisals of these assets are underway and active discussions are ensuing for their potential use in our payment plan.

- We have not yet had sufficient time to complete prudent financial and legal analysis that due diligence requires of us in assessing viable alternatives for use of these assets but we are pressing ahead diligently to finish this as rapidly as possible. In the meantime we are discussing possible alternatives for how these properties might be used.
- Recovery of project pre-development costs continues to be a significant potential source of payment
  - Value engineering and cost savings on the Idaho Water Center – ISBA effort and commitment to continue to work on potential savings.
  - Build out of the Health Professions Center and the Wright Learning Center

For obvious reasons we are being very conservative in our assessment of the likelihood, amount and timing for reimbursement from that source.

#### **A. Timing: Comment briefly on timing**

The Foundation and University working group is working very hard and we are very mindful of the timing and expectations for payment of obligations.

All pieces must fall into place and it is simply not possible at this point with a high degree of predictability to commit to specific timing. There are very complex issues involved . . .

#### **The continuing development and refinement of a multi-year financial plan will permits us to**

- Continue more or less normal Foundation operations – fundraising and scholarship commitments
- Pay interest that is accruing on all outstanding obligations
- Continue reducing the remaining principal balances while working toward opportunities to accelerate full debt retirement.

**We continue to support the ambitious original vision of the University Place project – collaboration by between and amongst all our universities for the benefit of higher education in Idaho**

- Dramatically changing economic conditions have presented us with significant financial challenges and have delayed the anticipated reimbursement of project predevelopment costs
- The financial issues are complex, interrelated and affect the Foundation, the University, and other higher education interests in the state
- An effective and timely solution will require collaboration among the Foundation, the University, and the State Board

#### **Executive Oversight Recommendation**

- Development of an acceptable plan can best be facilitated if a member (or members) of the State Board work with the University President and the Foundation President, and/or out designees, to help provide input into this process.